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Near East & South Asia

UNITED ARAB EMIRATES

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INTERNATIONAL AFFAIRS

Chinese Economic Officer Details Trade Relations

92AE0301B Al-Shariqah AL-KHALIJ in Arabic
18 Mar 92 p 11

[Article by Amani Abu-Sidu: "Chinese Trade Adviser in Dubayy to AL-KHALIJ: Our Exports to UAE Rose Strongly in Active Market; 35 Chinese Firms Implement Dozens of Projects in Country"]

[Text] Last year, the country's imports from China saw a considerable increase of 20 percent. Total imports amounted to \$300 million by the end of last October, compared to the [first] 10 months of the preceding year. The country's total exports to China amounted to \$53 million.

[Yang Han Chen], the trade adviser to the Chinese Consulate in Dubayy, has stated that the United Arab Emirates [UAE] market was an active market last year, that the country's total import value increased, and that China had a share in this increase.

He said that China's exports to the UAE are distributed as follows: Textiles and clothing, 40 percent; construction materials (iron, lumber, stone) 15 percent; light home industries, 15 percent; Chinese silk and works of art and rugs, 6 percent each. China imports urea fertilizer and light diesel fuel from the UAE.

The Chinese trade official added that, even though UAE-Chinese trade relations were established long ago, they were strengthened considerably last year, when nearly 300 Chinese trade and industry officials visited the UAE. Visits were also exchanged at all levels, especially the visit by His Highness Shaykh Dr. Sultan Ibn-Muhammad al-Qasimi, the Supreme Council member and al-Shariqah governor, and the visit by the Chinese minister of light industries to the UAE.

He also said that a plant for pipe valves has been founded with UAE-Chinese-Indian capital in the Jabal 'Ali free zone, that the plant will offer its production for sale this year, that this plant is the only one of its kind in the Gulf area, and that there is great demand for its production in the area. The Chinese official also noted that several Chinese projects, including a ready-made clothing plant, are under study.

He further added that there are 35 Chinese government-owned companies in the UAE, two of which are in Abu Dhabi, and 33 are in Dubayy and the northern emirates. This is in addition to numerous factories, of which the most important and successful is a factory for eyeglasses frames, a modern plastics plant, and the Chinese paint plant.

The Chinese trade adviser also talked about his country's economic conditions, noting that China's exports rose from \$552 million in 1950 (a year after the People's Republic of China was founded) to \$52 billion in 1990, i.e., increasing 93 times over 40 years. In 1990, China's

total trade volume exceeded the \$85-billion barrier, including \$33.05 billion in imports.

He said that China exerts ceaseless efforts to attract foreign investment and works industriously to create a good investment climate. This is why it has concluded an agreement to protect investment in its territories with 29 countries, including the UAE and Kuwait. It has also concluded agreements with 32 countries to avoid dual taxation. There are executive bylaws for more than 200 bills on economic and commercial exchange.

He added that, in its plan to encourage exports and investment, the Chinese Government intends to increase the dollar exchange rate versus the Chinese yuan to 5.85 yuan per dollar by the end of the year, keeping in mind that the official exchange rate stands at 5.43 yuan per dollar. He said that this step will eliminate the black market.

He also noted that in its developmental tendencies, the Chinese Government is interested in introducing technology into all economic sectors, and that in implementation of these tendencies, technology and equipment worth \$39 billion was imported by last August through 5,057 contracts. Chinese technology valued at \$2.5 billion was also exported to the outside world through 733 contracts.

He also said that Chinese construction contracting firms are, on their part, developing rapidly, and that the total value of the contracts they concluded from 1979 till last July was \$17 billion, distributed among more than 130 countries and regions of the world.

Regarding the volume of foreign investment in China, the trade adviser said that, in the past 11 years, the government has approved the creation of 36,900 establishments whose capital is totally or partially owned by foreigners, and that the value of these establishments is \$43.3 billion. But only 16,600 establishments with a total capital of \$18.3 were founded and had started production by last August. These have exported to the outside world goods valued at \$5 billion, or 12.8 percent of China's total exports.

Malaysian Tax, Investment Guaranty Pacts Signed

92AE0283B London AL-SHARQ AL-AWSAT in Arabic
10 Mar 92 p 10

[Article: "Tax Agreement Between Emirates, Malaysia"]

[Text] Dubayy—Negotiations have begun between the UAE [United Arab Emirates] and Malaysia on signing a tax agreement between the two countries. This agreement comes after the two countries signed an "investments protection agreement" a few weeks ago. The term of the agreement is reported to be 30 years, subject to automatic renewal.

The announcement was made yesterday by Taj-al-Din Baharun, the Malaysian deputy consul in Dubayy. He said that an agreement is expected to be reached soon, agreement

having taken place on most provisions during a recent visit by a high-level Malaysian delegation to the UAE.

Baharun said that the tax agreement comes in the wake of the investments protection agreement. The UAE is an important country in the area of Malaysian foreign trade, with Dubayy occupying first place among Malaysia's trading partners within the Islamic Conference Organization.

Figures show that Malaysia occupied 15th place among countries exporting to Dubayy in 1990, with exports valued at 654.7 million dirhams. The figure for the first half of 1991 reached 380 million dirhams, making Malaysia the 12th country on the list of exporters to Dubayy.

As for Malaysia's exports to the entire UAE, they amounted to 862 million dirhams during the first 11 months of 1991, for a 47 percent growth rate over 1990.

The Malaysian official indicated that his country has seen interest in investments in it on the part of investors from the UAE since the signing of the investments protection agreement. These investments, he said, had come from the private sector, as well as from government and semiofficial organizations such as the Abu Dhabi Organization for Investment. Most of the investments, he said, were concentrated in the real estate and financial markets and the agriculture sector.

He said the agreement has encouraged Malaysian industrial and commercial companies to open regional offices and redistribution centers for their products in the UAE.

He mentioned that provisions of the agreement provide for protecting investments in both directions, with each party to treat the other as a most favored nation. He added that the agreement also has encouraged private investment organizations and some banks in the UAE to look for investment opportunities in Malaysia, especially in the area of Islamic investment portfolios.

Australia Chooses Center for Trade Development

92AE0268C London AL-HAYAH in Arabic
16 Feb 92 p 9

[Article by Shafiq al-Asadi: "Australia Selects UAE As Base To Develop Trade With Gulf"]

[Text] Australia has confirmed its determination to develop its trade and economic relations with the nations of the Gulf region and the Middle East.

Australian Minister of Trade and Overseas Development John Kerin said during a meeting of a joint Australian-United Arab Emirates committee held in Abu Dhabi on 15 February 1992, said that his country "sees the United Arab Emirates [UAE] as an important base to develop trade with other nations in the Gulf region and the Middle East."

This Australian initiative was welcomed by all the officials with whom the Australia minister met. They gave him a broad briefing on investment possibilities in the

UAE, as well as trade possibilities and facilities that would be offered in various sectors. Sa'id Ghabash, the minister of economy and commerce who chaired the UAE side at the meeting, stressed that the volume of commercial cooperation between the two countries, which declined from 2,062 million Emirian dirhams in 1989 to 2,012 million dirhams [today], does not reflect the possibilities available in both the UAE and Australia.

Moreover, Ahmad al-Tayir, the UAE minister of state for fiscal and industrial affairs, briefed the Australian minister on investment advantages that the UAE provides for investors, especially in the field of industry and re-export.

The two sides discussed the possibility of signing an agreement on investment protection and guarantees, for the purpose of encouraging investors from the private sector and investment agencies in the two countries to benefit from investments and guarantees that such an agreement would provide.

However, businessmen with whom the Australian minister met at the Abu Dhabi Chamber of Commerce and Industry on 15 February raised the problem of Australian sheep exports to the Gulf nations during the past few years, since the Australian sheep shipped to the region were afflicted with salmonella, which forced several of the Gulf nations to ban the importation of these sheep into their territory. The sheep were sent back to whence they came.

At the beginning of the Australian delegation's meeting with the delegation of Abu Dhabi businessmen, Muhammad 'Abdallah al-'Utaybah, vice president of the Abu Dhabi Chamber of Commerce and Industry, expressed the hope that strict conditions and standards would be drawn up for Australian sheep that are exported to the region to the satisfaction of both parties, "so that other trade channels between the two countries are not affected."

For his part, the Australian minister expressed the hope that the problem of exporting Australian sheep to the Gulf region would come to an end. He stressed that authorities in his country were serious about solving the problem and ensuring that exports are of good quality.

REGIONAL AFFAIRS

Pakistanis To Build Large Textile Factory

92AE0268B London AL-SHARQ AL-AWSAT in Arabic
11 Feb 92 p 11

[Article: "Pakistani Investors To Build Large Textile Factory in al-Fujayrah"]

[Text] Dubayy, AL-SHARQ AL-AWSAT Bureau—A contract has been signed in the al-Fujayrah free zone to build a huge textile plant.

Sharif Hubaybi al-'Awadi, director of the Free Zone Authority in al-Fujayrah, stated that the expected cost to build the plant will total more than 29 million Emirian

dirhams (\$8 million) and will be erected on a land area of 12 dunams. Construction will be in three stages and will take 18 months to complete.

He stated that the company owning the factory is a Pakistani company named "Muhammad Faruq Ra'is Khan." He said that the company's management had informed Free Zone Authority that annual production would be 6 million meters of fabric and textiles.

Raw materials required for the factory will be supplied from India, Pakistan, and the Far East, while products will be exported to European and Gulf Cooperation Council [GCC] markets and neighboring areas.

This new plant will be built despite a problem that the ready-made clothing and textile industry is now facing in the United Arab Emirates [UAE], since there has been considerable expansion in recent years for export—primarily—to the United States. However, the United States has imposed a system of quotas on these exports from the UAE, because these exports had increased greatly. It is known that a large part of this industry in the UAE was established by Pakistani and Indian investments, and that the Indian and Pakistani investors are seeking tax exemptions in the UAE.

This industry in the UAE is presently trying to find new markets outside of the United States to distribute their products, because the quota system has imposed a ceiling on exports to the American market. Therefore, the new factory has set its sights on the European and nearby GCC markets. Its production will also concentrate on textiles and fabrics.

It is known that most of the existing ready-made clothing factories in the UAE are concentrated in the al-Shariqah and Dubayy areas.

Afghanis Get Donations Through Red Crescent

92AE0268D *Al-Shariqah AL-KHALIJ in Arabic*
26 Feb 92 p 6

[Red Crescent Remits 600,000 Dirhams for Afghani Orphans to Its Pakistani Office"]

[Text] On 25 February 1992, the United Arab Emirates' [UAE] Red Crescent Society remitted 600,000 Emirian dirhams, which is the amount due to Afghani orphans for January, February, and March.

Sa'id Khalifah al-Rumaythi, the undersecretary of the Ministry of Labor and vice chairman of the Executive Board of the "Sponsor an Orphan" Project, stated that the society's office in Quetta, Pakistan, will receive this amount to distribute it to orphans sponsored there.

He said that the society's delegation would leave on 27 February for Pakistan to supervise the distribution of that money to the orphans and to inspect the work of the society's office.

He added that there is another sum of money that will be sent to the orphans of Afghanistan, Palestine, and Lebanon during the next few days, on the occasion of blessed Ramadan and 'Id al-Fitr [holiday of breaking the Ramadan fast], so that the orphans and their relatives will be able to buy the food and clothes they need to prepare for this blessed occasion. al-Rumaythi urged citizens and residents in the UAE to extend a hand of aid and assistance to these orphans, pointing out that the society currently sponsors more than 2,500 orphans in Afghanistan, Palestine, and Lebanon, and is trying to increase this number so that the project's umbrella will encompass all Muslim orphans in those three countries. The society is presently studying an integrated plan in this regard.

Minister Reports 1991 Economic Performance

92AE0268E Abu Dhabi AL-ITTIHAD in Arabic
8 Feb 92 p 9

[Article by 'Abdallah al-Tunayji: "UAE Economy Achieves Excellent Growth Rates Amid Unstable World Conditions"]

[Text] Despite the difficult circumstances that the world has witnessed in recent years, when international conditions have been marked by stormy changes on economic and political levels, the United Arab Emirates [UAE] has continued on its developmental course, through applying and implementing economic and political policies and measures in an attempt to achieve political, economic, and social goals. It has done this by concentrating on building and developing the state's economy via developing the various production and services sectors, achieving an appropriate standard of living for the population, and developing the national labor force. At the same time, the UAE has continued to offer assistance and aid to developing nations and to participate in clearing the political atmosphere on the Arab and international levels.

His Excellency Shaykh Humayyid Ibn-Ahmad al-Mu'alla, the UAE minister of planning, gave an exclusive interview to AL-ITTIHAD about the UAE's economic performance for 1991.

Concerning the nature of economic and social developments in the UAE during the past few years, the minister said: "Despite the UAE's relatively brief experience in the economic and social development field, since the outlines of this experience only began in the mid-seventies, this experience is valuable. This is due to many things, most importantly the time frame in which it occurred, the results that were achieved, the circumstances that accompanied its implementation, and the methods of managing available resources, especially financial resources. From 1975 to 1980, the UAE experienced broad investment activities encompassing all sectors and emirates. During this period, the focus was on developing the infrastructure required to expand production and services. Services—especially health and educational services—were distributed, and governmental and family consumption developed, along with development of the state's fiscal position. Private sector activities in various fields were subsidized. The federal and local governmental agencies were also developed and a number of specialized institutions created. Moreover, major accomplishments were achieved, of which some concerned highly sensitive issues, most importantly population concerns, because population growth rates were high. This population growth occurred as a result of the state's dependence on a foreign labor force to satisfy the needs of widespread economic activities during this period. Furthermore, the state's economy became dependent—to a major degree—on imports and exports."

Development Efforts

Al-Mu'alla added: "In the eighties, especially after 1982, the UAE economy experienced relatively unstable economic and financial circumstances, as a result of stormy

fluctuations in world oil markets. In addition, the effects of security and political conditions that the region experienced during this period, as well as UAE investment trends, also played an important role in defining development parameters. The first quarter of the eighties saw completion of most major projects, especially in services, transport, and communications. That was clearly reflected in several economic activities directly and indirectly connected with large-scale development, by the volume of government expenditures during the seventies and early eighties.

"The economic conditions that occurred in the UAE after 1982 revolved around two different situations. The first was the emergence of the contraction of economic activity (or what was usually termed economic stagnation or recession). This recession was clearly evident in many economic activities, especially in commerce, the construction industry, and governmental expenditures. The recession reached its peak in 1986, when economic conditions eased, relatively speaking, after that year. The second situation was the progress in several economic and social areas, especially production.

"This progress helped to lessen the effects produced by economic, political, and security circumstances in the region. In addition, there were the results of measures adopted by the government to deal with many of the issues that occurred during this period. During the years after 1986, economic activities gradually increased, since the UAE's economy became stimulated in various fields, especially in industry, commerce, construction, transport, communications, and the financial sector. Because of development efforts during those years, tangible results began to emerge during the second half of the eighties. The UAE's economy diversified, comprising production and services sectors operating in accordance with the most modern labor methods. The UAE began to enjoy an excellent financial and trade status, both on regional and international levels. The state made excellent progress in distributing services and raising living standards. Moreover, local agricultural and industrial production doubled more than once. Production began to cover an important part of local requirements. In addition, national organizations were established to export a group of national commodities, earning considerable income for the state. The eighties saw important progress in dealing with population conditions, since the high growth rates experienced in the seventies declined gradually as a result of measures and policies adopted in reorganizing labor force conditions, particularly in regard to emphasis on the use of modern labor methods and the increased use of native labor."

Excellent Growth Rates

Concerning initial observations about the development of economic and social conditions in the UAE during the past year, the minister of planning pointed out that "Despite the fact that 1990 and the first quarter of 1991 were the latest embodiment of the effects of the second Gulf problem, in the midst of these unstable conditions

the UAE economy was able to achieve excellent growth rates in most economic activities. The gross domestic product (excluding the crude oil sector) achieved an increased growth rate of 5.9 percent in 1991, compared with 1990. The excellent economic results achieved in the state's economy are attributable to several matters, most importantly the employment of appropriate economic policies, the stable climate, the diversity of the national economy, and the development of productivity.

"Despite the fact that the gross domestic product declined in 1991 by 2 percent compared with 1990, an analysis of the production structure makes it clear that the state's economy performed in a highly efficient manner. The decline in production volume from 125.7 billion dirhams in 1990 to 123.2 billion dirhams in 1991 is attributable to the steep decline in income of the crude oil sector. This decline was 11.3 percent, while the other sectors achieved excellent growth rates. The amount of the gross domestic product (excluding the crude oil sector) rose from 68.1 billion dirhams in 1990 to 72.1 billion dirhams in 1991, an increase of 5.9 percent. Development efforts were made to create strong economic reservoirs in the state, which contributed in an excellent and balanced fashion to reducing the effects stemming from world economic convulsions and the unstable conditions that the region experiences from time to time. The contribution of the economic sectors (excluding crude oil) to the gross local product rose from 32.5 percent in 1975 to 36.7 percent in 1980, 56.2 percent in 1985, and 58.51 percent in 1991.

Economic Dimensions

"During development of the economic sectors' contribution to the volume of the gross local product, the following economic dimensions became clear:

1. During 1991, production sectors operated with economic efficiency, inasmuch as these sectors participated in providing the local market with increased quantities of national goods, in addition to exporting the surplus of certain agricultural and industrial goods worth 11.6 billion dirhams in 1991.

2. The agricultural, livestock, and fishing sector increased by 8.6 percent over the other sectors in 1991, compared with 1990. The importance of the increase in the agricultural sector lies in overcoming difficulties associated with land, climate, and water. Despite that, this sector's production developed splendidly and can be primarily attributed to the increased importance that the agencies concerned have bestowed on agriculture. They have employed many principles to develop this sector. Most important, however, is the fact that a large proportion of UAE citizens work in this field, and its development helps to improve this citizen group's standard of living. In addition, there is the importance of food security.

3. The processing industries' sector, considered to be one of the focal points of the UAE's development process, increased by 4.6 percent in 1991. After years of development efforts in this field, the UAE has achieved an

advanced and diversified industrial sector. The state produces a large, diverse group of goods, clearly contributing to covering an important part of local demand. In addition, national organizations have been established to export large amounts of industrial products.

4. The electricity and water sector, which is one of the important pillars of the development process' success, increased by 7.7 percent in 1991. It is noteworthy that the concerned agencies work on the premise that volume of production in this sector should exceed actual and expected demand. That is based on their belief in the importance of electricity and water to the entire development process and to this sector's present role. From this point of departure, this sector provides services to production and family consumers, reaching all areas of the state. In addition, the government subsidizes the costs of these 'two commodities' with large sums of money each year to enable the population to benefit from these services.

5. The construction sector occupies a distinguished place in the UAE's economic activity, in view of the fact that this sector carries out the installation and construction aspects of investments. This sector increased 5.7 percent in 1991 over 1990. The importance of this increase is that it is proof of the size of the vast construction boom that the UAE is currently experiencing.

Wholesale and Retail Trade

6. High growth rates were achieved in the distribution and services sectors. Wholesale and retail trade is one of the most important, effective sectors in the UAE economy, in view of the UAE citizens' lack of commercial experience. This sector achieved a 4.9 percent increase in 1991. The transport, storage, and communications sector increased by 7.8 percent. The services that this sector offers are considered excellent both locally and internationally, inasmuch as the UAE has the most modern and largest maritime commercial ports. It also has several modern airports. In addition, there were major developments in communications activities. Work in this sector was marked by the most modern labor methods. The services of this sector shared in strengthening the state's financial and commercial position, as a result of the stable atmosphere for which the UAE is known. Because of the many facilities offered, the UAE has become one of the most important financial centers in the region. A large group of banking, finance, and insurance companies (national and foreign) operate in the UAE and, during 1991, fiscal and insurance activities achieved an income increase of 50 percent over 1990.

7. Real estate activities are one of the distinguishing characteristics of the UAE's total economic development. The income of these activities increased 7.5 percent in 1991. This increase is attributable to the increase in housing units and commercial buildings, and to the advance in quality of new buildings. In addition, demand for housing units increased, in accordance with the increased level of economic activities in 1991.

Development of Services

8. The public services, other services, and domestic sectors attained relatively high growth rates. Several matters contributed to this development, including the respected, decisive initiatives of the UAE leadership in providing, developing, and distributing various services, especially in the fields of health, education, social welfare, utilities, etc., all of which reached high degrees of efficiency and progress. Moreover, the rise in living standards and income levels increased the demand for various services. Governmental services increased 5.2 percent, while other services had a growth rate of 7 percent in 1991 compared with 1990."

The minister of planning commented on the dimensions of over-all growth:

"The UAE has given the subject of population and the labor force special consideration, because state agencies dealing with this subject have worked through a number of policies to deal with these sensitive matters. As a result of considerable and continuing efforts, the size of the labor force increased only slightly in 1991, just 1.6 percent. This increase is considered exemplary, and its importance lies in the fact that developments in the size of the labor force played an influential role on developments in the size of the population. This positive development in reorganizing labor force conditions is due to the expanded use of modern labor methods, which require a skilled labor force of limited size. In addition, there was progress in legislation pertaining to labor, and advances in the agencies and bureaus responsible for organizing workers' affairs, as well as increased numbers of citizens working in various fields of endeavor. It is worth mentioning that in 1991, as a result of efforts to change population policies, the UAE's population growth rate has approached the recognized international rates.

"Moreover, final consumption trends, in both the governmental and family sections, are important indicators in measuring living standards. During the past few years, despite unstable financial circumstances, the relevant agencies were especially anxious that the constant efforts to improve the population's living standards not be affected by those vicissitudes. The government has worked to continue to develop and distribute social services, as well as housing and utility services. Final consumption achieved an increase of 5.6 percent in 1991 over 1990. Consumption rose from 68.1 billion dirhams in 1990 to 71.9 billion dirhams in 1991."

Financing Investments

Al-Mu'alla added that "Changing investment trends are considered one of the most important indicators by which to judge the scale of the movement and progress of total economic activity. Because of the nature of the UAE economy and the size of available resources and savings, investment development in the UAE is governed by several factors, most importantly, the absorption capacity of the UAE economy and the providing of relatively encouraging loans, in keeping with the financial resources required to finance investments—especially government

investments—most of which are formed from crude oil profits. During 1991, the diversified investments totaled 24.4 billion dirhams. Although it was only slightly more than 1990's total, it does express clear progress in the UAE's economic performance, particularly since 66.8 percent of diversified investments were made through the public and private business sectors.

Trade Surplus

"Available trade data indicates that the UAE had a trade surplus of 29.6 percent in 1991. That was primarily attributable to a large decrease in crude oil exports, as a result of drastic fluctuations in world oil markets. The value of exports comprising local production exports and re-exports achieved a 3.6 percent increase in 1991 over 1990. Commodity imports increased 6.1 percent in 1991. This increase was due to several matters, most importantly, the satisfying of development and production requirements of various capital goods, productivity, and satisfying consumer goods requirements as a result of a clear advancement in income levels, as well as major developments in the re-export business. The state has become an important center for financing the increased commercial demands of a number of countries in the region. Re-export trade value rose from 11.7 billion dirhams in 1990 to 13 billion dirhams in 1991."

Initial Proposals

Minister of planning al-Mu'alla made some initial proposals for the future of economic activity in the UAE. He said that "the UAE's economy in 1991 is radically different from what it was when the UAE was established in 1971. This economy has the economic resources that did not exist at that time. This has enabled it to overcome numerous crises, stemming from security and political conditions in the region over the past ten years. In addition, it has overcome the effects of the vicissitudes of world oil markets. During the past few years, it has achieved several major and distinguished accomplishments in various fields.

"Moreover, the UAE economy has progressed significantly, both in terms of size and production integration among the various elements of this economy. Major efforts are required to analyze developments and derive results. The goal is to provide scientific bases for appropriate decision-making processes required for the current stage of economic activity. In this regard, the following observations can be made:

"1. With the growing economic activity, the increased degree of sector integration, the government's increased economic and social burdens, and increased integration in international relations and the growing coordination of the Gulf Cooperation Council [GCC] nations, a considerable need has emerged to expand the sphere of planning operations. This would enable the concerned economic agencies to make decisions on dealing with various new economic factors on scientific bases, which could guarantee their

various goals, either in terms of timeliness or within the bounds of quality and quantity of development.

"2. Experience has clearly shown the importance of legislation with regard to total growth process. It would have been possible to avoid several negative effects that occurred in past years, if there had been a comprehensive legal cover for various aspects of economic and social activity.

"3. [Fluctuating] crude oil revenues have increased the incentive to develop new revenues for the general budget, because oil revenue represents the primary percentage of total income for this budget. This budget has faced fluctuating fiscal conditions, which have affected expenditures, especially in investments. Extensive discussion of development and the creation of new revenues for the general budget is required.

"4. The boundaries between the public and private sectors have never been clearly or decisively defined. This varies from one country to another, but it is important to create circumstances to help raise productivity efficiency in these two sectors. The government has an influential role in raising economic efficiency. During the past few years, the UAE Government has provided numerous means of subsidizing the private sector, thus helping it increase its activities. Since the next few years will see new directions for growth, especially in light of the progress that has been made in total economic coordination and integration—by the GCC states regionally, or in light of the new arrangements of the world economic system internationally—there must be concentration on preparing propitious circumstances for the private sector to develop and to use its resources in diverse production and services activities.

Support Efforts by Central Bank

"5. As a result of gradually growing economic activities and the stable atmosphere for which the UAE is known, fiscal and banking activities have decidedly prospered. For the purpose of insuring increasing and harmonious activities of financial, banking, and monetary organizations, it was necessary to bolster Central Bank efforts to implement and develop monetary and credit policies, especially since this important national institution has always been able to deal with many important issues via measures that it has employed.

"6. Federal commercial and investment expenditures have helped provide infrastructural elements in various emirates. All emirates have been able to expedite development of economic activities, either by federal resources or their own resources, through local government projects or by private sector initiatives. However, as a result of the disparity in revenue of each of the emirates, their diverse economic activities, and so that development can be harmonized and benefit gained proportionally, each emirate must be provided with financing for production growth projects through the national financial organizations, so as to complete the country's infrastructure. "7. Finally, recent years have seen relative improvement in the population and labor force, as a result of policies and measures used by the agencies concerned with these matters. Population growth rates in the UAE are close to world population rates. In addition, there has been a constant increase in the citizen work force. This calls for increased studies and research to evaluate the results of these policies and measures, in order to develop them to be commensurate with anticipated directions of total UAE economic activity."

Principal Economic Indicators for 1990-91 (in millions of dirhams at current rates)

Category	1990	1991 Estimate	Percentage of Increase
Population (in thousands)	1844.3	1908.8	3.5
Workforce (in thousands)	689.5	700.6	1.6
Gross domestic product (by cost)	125,707	123,195	(2.0)
National income	10,663	103,300	(3.1)
National disposable income (available)	95,630	97,400	1.9
National savings	27,506	25,480	(7.4)
Final consumer expenditures	68,124	71,920	5.6
Final family consumer expenditures	47,874	51,268	7.1
Final governmental consumer expenditures	20,251	20,652	2.0
Gross fixed capital formation	24,103	24,420	1.3
Gross governmental fixed capital formation	8,072	8,100	0.4
Gross fixed capital formation, business sector	16,031	16,320	1.8
Total commodity imports	42,510	45,100	6.1
Total commodity exports	78,771	74,700	(5.2)
Trade surplus	36,261	29,600	(18.4)
Total commodity exports (minus crude oil)	23,741	24,600	3.6
Re-export	11,651	13,000	11.6
Wages	27,996	28,580	2.1
Average wage (in thousands of dirhams)	34.3	34.5	0.6
Average productivity (in thousands of dirhams)	85.4	90.0	5.4

Group Compares Foreign Labor to Time Bomb*92AE0301D Al-Shariqah AL-KHALIJ in Arabic
14 Mar 92 p 4*

[Article by Mahir al-Kayyali: "At Sa'id al-Nabudah Salon, Association of Society Notables Discusses Ministry of Labor Decisions, Measures To Regulate Private Sector Labor Market; Prompt Treatment Needed for Percentage of Citizens in Population Structure; Firm Penalties Required To Deter People Who Exploit Labor Market Facilities; Concerted Inspection Campaigns, Consolidated Efforts Demanded To Eliminate Violations Posing Threat to Higher Interest"]

[Text] Last Monday evening, the Association of Society Notables launched the initial activities of its cultural and social program for the blessed month of Ramadan with a visit by a delegation from the association to the social session at the salon of Sa'id al-Nabudah, chairman of the Dubayy Chamber of Commerce and Industry. This visit came within the framework of similar visits to a number of the country's social salons, with the objective of learning the private sector's opinion of the regulatory measures and decisions adopted recently by the Ministry of Labor and Social Affairs to control the United Arab Emirates [UAE] foreign labor market.

In its efforts to serve society, the Association of Society Notables touched, as usual, on the most important and sensitive issues concerning UAE society and the Gulf region, namely the population composition in which citizens represent 17 percent, according to the latest figure; foreign labor and the role that all sides are required to play in order to develop proper solutions to this flaw in the population composition and to the negative effects it can have on security, political, economic, and social aspects.

The Abu-Ahmad [al-Nabudah] social gathering included a number of economic officials and leaders who agreed unanimously on the need to unify efforts to deal with the flaw in the population composition and to preserve society's identity by regulating the labor market with measures to serve the public interest and curtail the violations committed by people who exploit the facilities provided by the government under the free economic policy to achieve personal goals and rapid financial gains, totally disregarding their violations' effects to the country.

The participants also agreed unanimously that it is necessary to have all state sectors participate in developing a strategy to outline a bright future path for our children, stressing that they are concerned with the country's interest. They further agreed that there is an urgent need to unite all efforts to eliminate all violations and manifestations in the labor market, urging stiffer penalties against violators—both workers and businessmen—to eliminate profiteering from visas, the workers' escape from their guarantors, and other violations of the laws, decrees, and regulations in force.

At the outset, Dr. 'Abd-al-Khaliq 'Abdallah expressed the association's thanks to al-Nabudah for hosting its delegation and for giving it the opportunity to meet with the people at his salon, out of their common concern to strengthen communication among the various sectors and notables, and to bring their viewpoints closer together on the important issues that require consolidating efforts to enhance society's progress and stability. He pointed out that the most important issue for UAE society and for the Gulf, namely the population composition and foreign labor issue, requires prompt activity at all levels to develop the proper solutions with the participation of all sides, noting that the decisions and regulations recently adopted by the Ministry of Labor have evoked numerous reactions. This is why the association has deemed it necessary to present them for discussion, so as to learn the private sector's opinion on these decisions and measures in order to accomplish the desired objectives.

Sensitive Issue

After welcoming those present, Sa'id al-Nabudah emphasized that his salon is always open for all sectors and segments to engage in dialogue on whatever might serve the public interest. He said: "The issue is sensitive. Both the public and private sector, as well as the various notables and groups, have their opinions on it. More than one session is needed for the discussion. We are in a newborn country, and faltering is inevitable in the development process, and we will not realize the results of this faltering until later. Our experiment in the past 20 years has produced a huge crop of issues, and we are not about to dwell on their details here. However, we are still at the beginning of the path and we are dealing with affairs in a manner that causes no harm and no damage. Everybody is exerting efforts from his position."

'Abd-al-Rahman al-Matyu'i, general director of the Dubayy Chamber of Commerce and Industry, emphasized that the issue requires a number of sessions to discuss all its diverse and entangled aspects. There has been extensive talk about the UAE population composition and about its impact on social, political, economic, and other conditions. Al-Matyu'i said: "It is my opinion that our reliance on foreign labor is the basis of economic development. If the pros and cons of this reliance are compared, we find that the pros outweigh the cons, because this labor contributes to developing the country's economy and the economy of the Emirate of Dubayy in particular, considering that Dubayy is the center of numerous economic, trade, industrial, and service activities. It would be extremely difficult to rely solely on the citizens to cover all these sectors.

"Exaggerating the danger of foreign labor is somewhat unjustifiable. In the face of risks, if they exist, we must diversify the sources from which we import labor. Our country, especially the Emirate of Dubayy, relies on foreign labor in the current development phase. In this phase, the country's role as a trade center, not to mention its role as a pioneer in development, is being promoted.

Therefore, when we discuss the population structure, we must tackle the issue in a well-studied manner, and not hastily or offhandedly. The monthly decisions issued by the Ministry of Labor on regulating the labor market will affect the development movement if they are not studied carefully. Any restriction of labor movement in an open market and under a free economy will cause development activity to falter."

Time Bomb

Husayn Lawtah stressed the need to make a distinction between Arab and non-Arab when talking about foreign labor. "If we want to avoid latent current social, economic, and political ramifications, which are considered a time bomb that will explode under the right circumstances, we must replace the Asian element with the Arab element. Therefore, our country's unique labor composition, which comprises a large number of nationalities, dictates that the decrees regulating the labor market be issued by higher authorities that plan for an ideal solution to the problem—a problem which lies in the lack of awareness. We find that in our homes: the number of domestics employed is larger than the number of family members. There is also the profiteering and tampering with visas. The solution dictates that all sectors participate. We need labor and we should turn to Arab labor, to which we are linked. There is no justification for resorting to non-Arab labor because it is cheaper, according to the prevalent trends. We see that Ministry of Labor decrees are viewed only from the angle of personal interest. This is why we find that some people support the decrees because they serve their personal interests, and that some people oppose them because they don't serve their interests, without consideration for the higher interest."

Sultan Ibn-Salim said that "Every person views the issue from his own perspective, and that each state determines its tendency in accordance with its general policy. If a state seeks economic isolation, it takes measures to crystallize this tendency. But if it wants to open up to the world, then it allows the open market to adjust to this policy. It is difficult for us in the UAE, which has an open-door economy, to say 'stop' when we are halfway there. As for Asian labor, everybody looks for what is less expensive. If decrees spell out the citizenship of labor that may be imported, it would be a catastrophe. We have been dealing with this labor [force] since ancient times, by virtue of our country's coastal position and by virtue of our maritime trade with the regions from which we import this labor. As for codifying the movement of labor and regulating its market in the country, this is an issue that requires the participation of all the sectors concerned and coordination among these among these sectors before any decrees are issued. Why shouldn't a draft decree be distributed to all these parties for discussion before it is issued and enforced?"

Legal Status

'Abdallah Abu-al-Hawl wondered about the objective of the decrees and resolutions issued recently by the Ministry of Labor, saying that "Expatriate labor is found in various countries, even in Egypt, which is considered a labor-exporting country. We in the UAE need labor that resides in the country legally. The danger comes from those who reside here illegally and from the social problems and crimes that such residence creates, posing a threat to society's security. What is interesting are the gatherings of 'day workers' whom we see in all the emirates without knowing the identity of this labor or who is responsible for it. If we wish to deal with the problem, we must pursue those who seek to make a quick material gain from visas. We must also pursue the excess labor force, as it is the basis of the problem."

Dr. 'Abd-al-Khaliq ['Abdallah]: "Where has the decision on economic isolation or openness come from? Has it been debated and approved correctly and in accordance with requirements? There is no doubt that there are dreadful numbers of excess workers and that steps have to be taken to curtail this excess labor."

Muhammad Kamil al-Mu'ayni: "The steps taken by the Ministry of Labor are sound and they deal with the damage emanating from unemployment and profiteering from visas. These steps will not harm those who need labor to implement real projects, because the ministry has no objection to this labor and doesn't plan to harm the country's economy, contrary to what some people think."

Muhammad 'Isa al-Suwaydi, the Ministry of Labor undersecretary, said: "We in the ministry are prepared to solve any problem if the private sector has suffered any damage. If there are objections or proposals, then we have nothing against hearing and debating them, whether at the ministry or in a general symposium. When we talk about facilitating procedures, we must have a specific objective in mind. Do we want labor without any controls and without knowing the number and dimensions of the labor involved?"

"When the ministry asks business owners to submit the documents pertaining to the owner's labor needs, completion period, and workers' residence period, we embark on an argument that is incompatible with ethics and with controls, as a result of the exaggerated number of workers said to be needed. Regrettably, we find that managers of installations, or people in charge of the work in such installations, are the primary beneficiary of exaggerated numbers of needed workers and that they, and not the work to be carried out, reap a personal benefit from the excess labor."

"Discussing the flaw in the population composition and determining an ideal labor volume requires securing the political, security, and economic aspects. Business owners must take into account these aspects that accomplish the country's supreme interest. Why don't we consider mechanization as a part of the solution to the labor problems?"

Deterrent Penalties

Ghabash Ibn-Humayd: "The ministry needs to intensify its periodic inspection campaigns to control the labor market and to punish all violators without exception. What we notice is that penalties are applied to some, whereas others violate the laws and regulations without any concern, especially visa profiteers. This is why deterrent penalties must be applied to violators, whether workers or business owners, in order to eliminate the basis of the problem."

Al-Suwaydi: "The ministry's Labor Inspection Agency has been supplied with all the resources it needs to overcome the past deficiency in its outfits. Violators, both workers and business owners, are brought to account and blacklisted."

Ahmad Sayf [Balhasa]: "We must not blame foreign labor, which has contributed to the country's cultural development. But regrettably, many of us have exploited labor as a business. The point raised by Ghabash constitutes the heart of the problem. Penalties are not applied to violators. The legislator has established a law to regulate labor market relations—a law that guarantees rights and defines penalties. But we notice that even though no amendments have been introduced into the law, changing ministerial decrees are issued day after day. Nobody disagrees on the population composition issue and its impact on the security, political, economic, and social aspects; but regulating labor and avoiding its problems requires a planned strategy with the participation of all parties concerned. Do we want this labor or not, and do we want to Arabize it? Controls serving society's intricate interests should be established accordingly."

"The procedures to issue visas are different now, even though there have been no changes in the law or in the private sector's labor needs. So why has tension developed in this sector between the ministry and business owners? We find that a business owner has to bargain to get the number of workers he needs to implement his projects, because the ministry permits only the number it determines. This is why business owners apply to import twice the number of workers they need in order to get the number they need to meet their commitments to their project. There is also the problem of the escape of workers. In accordance with the decree issued in this regard, a guarantor is responsible for providing a worker with a return ticket to his country. This decree was issued when it became impossible to (implement) the canceled bank guarantee decree. Despite confidence in the good intentions of this measure, its enactment has led to an increase in the number of escaped workers. This is why we have to define our objectives according to a strategy, in whose light we determine the desired percentage of imported labor, whether Arab or foreign, in the population composition. This should be planned centrally, with the participation of all sectors that contribute to development. We are talking here about two

problems, namely job nationalization and labor Arabization. Therefore, plans must be made in accordance with a well-studied strategy that ensures realization of the public interest."

Increased Ratio of Citizens

Citing unofficial statistics, Ahmad al-Banna noted that citizens constitute 22 percent of the population, which amounts to 1.86 million people. "Therefore, plans and incentives must be established to encourage citizens to reproduce, so that their percentage of the population will be increased and foreign labor in this population composition will be curtailed. Are the measures adopted by the ministry the cure that curtails the increase in foreign labor? Is limiting the salaries of certain categories in the private sector the cure that curtails imported labor? We must examine the roots of the problem to ensure results. We embrace the free economy policy. If the government is inclined to establish controls that guard our national interests, then the private sector must adhere to them and must cooperate to eliminate an imbalance created by groups that negatively affect the economy and the public interest."

Khalifah al-'Aqrubi asserted that labor regulation is a must, that reducing foreign labor is a necessity, and that the statement that Arab labor's wages are high is an exaggeration. "The Council of Ministers and the UAE National Assembly have already submitted to the Supreme Council a memorandum dealing with the dangers of Asian labor. The problem is embodied in the non-deterrent penalties inflicted on violators, the ease with which Asian-labor import permits can be obtained, laxity in pursuing workers who escape their guarantors, failure to bring profiteers from the permits to account, and allowing employment in the Ministry of Labor to be combined with free enterprise, with the employee exploiting his position at the ministry to serve his personal interests and private enterprise. Such phenomena must be curbed by giving employees incentives to block this gap."

Taha Husayn Hasan said: "There is no conflict between the measures taken by the ministry and what the private sector requires. The ministry has not decided to halt labor importation but merely established measures that regulate the labor market according to the actual needs, so as to achieve ideal utilization in a country that embraces the free economy policy and open-door trade."

Muhammad al-Bassam: "Any decree issued without consulting the parties concerned creates an imbalance. Therefore, we need to organize a symposium of the ministry and the economic leaders to discuss all aspects of the problem."

Balhasa: "There is no disagreement over the law. The issue concerns the measures that are based on no legal foundation. How can we penalize a business owner for a worker who has escaped? The same applies to the lack of an expert specialized in assessing the labor volume

needed for an installation or a project to be implemented. This is why I second the proposal to hold a symposium to discuss all issues. So far, we haven't been able to implement anything on the nationalization of jobs, due to the lack of a mechanism and a plan to harmonize the number of jobs that have to be provided and the number of graduates annually."

Muhammad Ibn-Kadfur: "In our country, labor has turned to the trade sector. Asian workers have taken over the crafts in which the small vocational class is engaged. Asians are now competing for the livelihood and source of income of the members of this class. The fishermen's problem is the best proof of this".

Ideal Assessment

Al-Suwaydi: "Bank guarantees were canceled by a decision from the Council of Ministers. The decision to ensure a ticket for an escaped worker holds the guarantor responsible for securing a worker's ticket when he is imported and when he returns to his country. But if a worker is proven to have committed a violation and if he is arrested, then he will be deported and his travel expense will be charged against the money owed him. Very regrettably, we have noticed that some people import workers and leave them in the streets, with total disregard for the laws and regulations. To shirk their responsibility, many people reported to the ministry that their workers had run away, whereas they had actually given those workers the freedom to look for work elsewhere, having already achieved their personal interest from importing those workers.

"The ideal assessment of the labor volume needed for a certain company or project depends on the nature of the company's approach. Companies known for adhering to the law have specialized experts, and we approve their labor estimates. People who exaggerate the number of needed workers and who manipulate such numbers to serve their personal interests are the people who are a burden to the ministry, not to mention the fact that they harm the higher interest. Labor determined for projects according to the needs and to the implementation period is no problem. For your information, we in the UAE offer great facilities to the labor market, compared with the facilities offered by the Gulf Cooperation Council member states."

Ghabash: "Having the labor needed for installations estimated by individuals who are not knowledgeable in the nature of the installation's work and needs is something that needs to be reconsidered. Approving labor needed for a project in installments is unfair, because such approval affects the implementation and timetable. Therefore, periodic visits and inspection campaigns must be organized to ascertain labor's legal status in all of the country's private sector enterprises, without exception."

Al-Suwaydi: "We, along with the Ministry of Interior, are one of the gates for the labor coming into the country and we must study all issues connected with importing

and utilizing this labor. We must all perform our duties for the country. In the population figures, citizens constitute a small percentage when compared with the number of foreigners. This is in addition to the large numbers of foreigners who sneak into the country and who are deported at the government's expense."

Exceptions to Rule

Balhasa: "The law may not be modified according to the exceptions to the rule. The measures that we see confirm that they are adopted to deal with the negatives and with the violations committed by some people at the public's expense. Some have exploited labor to make a profit. This is why penalties must be stiffened and campaigns intensified to seize violators and escapees and to make sure that establishments adhere to the laws, rules, and decrees enforced in the country. The ministries and all other sectors must also cooperate and consolidate their efforts."

Al-Nabudah concluded the session discussions with a brief commentary, in which he said: "The issue of labor and of the measures regulating it should be settled in a session between the ministry and the parties concerned. But the more serious issue is embodied in a segment of our society that doesn't feel its responsibility toward this country, and whose sole concern is to make quick profit. This segment has resorted to importing labor and leaving it [unemployed] in the streets as a means to make such profit, and this activity has become this segment's only trade."

He noted that the 17-percent figure that represents the citizens' percentage of the population composition is a dreadful figure. "So if we want to open up, we must all act responsibly and the authorities concerned must develop the means to ensure that this labor is regulated and that the necessary regulatory controls and procedures are established for it in a manner that agrees with this [open-door] policy. We must also consider the rapid developments in the world around us and the political conditions, which have been upturned. The examples are numerous, and they are led by the developments in the Soviet Union, China, and elsewhere. We need to reconsider our calculations, and must begin by tasking ourselves. What have we accomplished during the past 20 years of the country's life? Where are the flaws and the deficiencies? What are the requirements for the present and the future? We must pause to assess the negatives and positives of the transitional phase, and to reconsider our calculations, so as to determine the future path and to draft a strategy for the bright future that we desire for our children

Port Jabal 'Ali Director Interviewed

92AE0301E London AL-MAJALLAH in Arabic
17 Mar 92 pp 57-58

[Interview With Sultan Ibn Salim, Ports and Free Zones Authority Chairman, by 'Abd-al-'Aziz al-Sadiqi and Tajal-Din al-Haqq, date and place not given: "Jabal 'Ali

Transforms Dubayy from Merchants' Town to Investment Opportunity; Port Jabal 'Ali, Dubayy's Industrial Free Zone Have Prominent Role in Turning Dubayy Into Financial Center That Attracts Investments, Industries From All Countries"]

[Text] Abu Dhabi—If some parts of the story of the Emirate of Dubayy's commercial success are still unknown and unwritten, numerous economic landmarks found in Dubayy illustrate some features of this story, which has coupled shrewdness with all the talent and natural instinct it signifies, with determination, with all the defiance and persistence it implies.

Port Jabal 'Ali and the Dubayy industrial free zone constitute one of the landmarks that have transformed Dubayy from a center of trade and re-export within the region into a financial center attracting investments and industries from all countries. Thus, this city, which has historically been called a merchants' town, has now been transformed into a focus of attention and a major investment opportunity.

As Sultan Ibn-Salim, Dubayy Port Authority chairman and director of the Jabal 'Ali free zone, has said in his interview with AL-MAJALLAH, the free zone idea is tied to Dubayy's experience as a commercial city with trade contacts with Africa, India, Iran, and some of the Arab Gulf states, of course.

To begin, we asked Ibn-Salim about the reason for choosing Jabal 'Ali as a free zone. He said: "The idea of building Port Jabal 'Ali started after Port Rashid had been built. It then became obvious that developing a free zone requires spending large sums of money for infrastructure, and that a vast area of land has to be set aside for use as an industrial zone. It also became evident that enough land had to be available in order to enlarge the port. Port Rashid didn't meet these requirements. Thus, efforts were launched to look for another area that would meet those requirements, and the choice fell on the Jabal 'Ali area, which is nearly 40 km from the city and which offers all opportunities for future expansion.

"This area was chosen because it is located on the United Arab Emirates' [UAE] international land routes, a fact which facilitates the re-shipping of goods arriving at the port and the export of goods emanating from it.

As for Port Jabal 'Ali itself, nobody knew of the matter until the idea was turned into a decree by Shaykh Rashid.

[AL-MAJALLAH] Were the initial projects government projects, or did foreigners contribute to them?

[Sultan] All but two were government projects. Government contribution was high, amounting to 80 percent. The objective was to reassure investors. Moreover, the projects were big, whether in terms of production or investments. There were no small projects in the initial phase, because such projects cannot withstand government bureaucracy.

[AL-MAJALLAH] It is well known that Port Jabal 'Ali was completed in 1979, the year in which unrest started in the region after the Iranian revolution's success and the subsequent outbreak of the Iraq-Iran War. How did those developments affect the project and how did you deal with the effects of that unrest?

[Sultan] There was great fear and this fear was translated into cancelling a number of projects that were being planned for the area, such as the construction of a huge airport and a town. The two projects were suspended, of course, when the war broke out. The biggest blow to the project was that war. But despite this, we got the port on its feet and we incurred operational losses only in the first and second years of operation. The port then began to turn a profit and to make up for the losses incurred in the initial period. It has been making a profit since 1982. The cost of most of the expansions and of the machinery and equipment used in the port has been covered.

[AL-MAJALLAH] Now that the war has ended and that the area's conditions are stable, will implementation of the suspended airport and town projects be reexamined?

[Sultan] Regarding the port, I don't think it is necessary. Dubayy's current airport is adequate and enjoys the advantage of being closer to the city than numerous other airports. One can get to any point he wishes within five minutes. We must maintain this advantage. Moreover, the current airport is being enlarged to keep up with the needs.

As for the town, Dubayy is creeping in the direction of Jabal 'Ali. Thus, this issue is a "foregone conclusion."

[AL-MAJALLAH] What method did you use to overcome the initial difficulties?

[Sultan] The first mission I carried out to promote the free zone when I took charge was to visit Hong Kong. That visit gave us the biggest shock, because we didn't find out how unknown we had been until that trip. We were asked strange questions and there was doubt about the feasibility of investing in the region, as well as doubts about the honesty of its businessmen. We met people who had had bitter experiences in the region and whose property had been nationalized.

There was also fear of the lack of an adequate infrastructure. Those people believed that we were still living in the desert and still relied on camels for our living and our transportation.

[AL-MAJALLAH] What impact did this have on your mission?

[Sultan] My morale and the morale of those who accompanied me was shaken that day. But then we re-planned our marketing method. After a series of failed meetings, we decided not to talk about industry and focused our conversation on the commercial opportunities offered by Dubayy, with those opportunities then used as a means to promote the establishment of industrial projects in the free zone.

Subsequently, we made numerous visits to East Asia and Europe, and they were all successful, God be thanked. Initially, 10 companies were registered. In 1986, 60 or 65 companies were registered. There are now nearly 350 companies operating in the free zone, of which 40 percent are industrial companies.

This is a very high percentage when compared with other free zones. No more than 5 percent of the companies in those zones are industrial because the other free zones are old zones and the value of land there is very high. Any facilities built in those zones mean wasting an opportunity to increase the beautified and enhanced spaces. This is in contrast with the Jabal 'Ali free zone, where large areas of land are available and where factories can be built on land connected to the piers.

[AL-MAJALLAH] What about marketing the free zone in Hong Kong? Is there demand by investors for Dubayy, especially in light of the tendency of investors there to look for other areas in anticipation of the colony's return to the British crown [as published, presumably meaning the British crown's relinquishment of the colony to China] in 1997?

[Sultan] We didn't have much success in marketing the free zone in Hong Kong. Only two or three companies have come to us from there. The reason is that companies look for advantages that the Jabal 'Ali free zone cannot offer, such as citizenship. This is in contrast with other countries, which assure companies of citizenship as a means to attract them. This is something we cannot follow in the UAE, even though it is an important factor for all companies.

I don't think that this factor reflects anxiety for Hong Kong's future in 1997. Rather, companies are very reluctant to leave the colony and don't wish to embark on such a step unless they are assured of conditions similar to their current conditions, which is very difficult. This means that the current fears are not real fears. Personally, I don't believe that the Hong Kong companies are seriously inclined to move out of there.

I believe that the transfer of sovereignty to China will have a limited impact. There are numerous indications in this regard, including the fact that Japan has invested billions in the colony. Moreover, the big conglomerate companies cannot move out because it is very difficult for them to do so. But the small companies continue to be fearful. Some of them went to Australia and New Zealand, but have returned [to Hong Kong] because they weren't able to adapt.

Hong Kong is an important element in international trade. It is also an important element for China, which concludes most of its financial transactions through Hong Kong. If Beijing curtails Hong Kong's freedom, it will be shooting itself in the foot.

[AL-MAJALLAH] It is noted that the free zone has become a propaganda element to publicize not just Dubayy, but also the region.

[Sultan] Free zones are generally important. We in the Gulf region suffer from a dearth of free zones. We are the only country in the region that has a flexible system.

The presence of just one free zone reduces the investors' chances to compare and prevents them from making their decision by comparing the facilities available.

[AL-MAJALLAH] What are the most obvious difficulties facing the Jabal 'Ali free zone?

[Sultan] God be thanked, there aren't major difficulties or obstacles. The main problem is marketing. We still need to market the zone, considering that everybody views us as a zone for raw materials and looks at us as a narrow market. These points are insignificant, considering that states with smaller capabilities and populations have accomplished outstanding successes.

[AL-MAJALLAH] What about the social consequences created by the free zone?

[Sultan] I don't believe that there has been a social impact, because the free zone is far from the city. Workers who work in this zone live in the zone, where recreational facilities are available to them and where they engage in their sports.

[AL-MAJALLAH] Do you think that the tourist facilities that have become available in Dubayy are a result of the zone?

[Sultan] This is one of the new aspects in which investment has started. Initially, the yield from tourism is small. But in the long run, this investment will be inclined toward specialized, not general, tourism. We don't want tourists coming in by the millions, because their harm is greater than their benefit.

We want tourist businessmen. This requires providing high-level tourist services, such as golf courses and ports for boat races and water sports. Our climate is conducive to tourism throughout the year, now that facilities and means of recreation and relaxation have been made available to businessmen whose trips to Dubayy will become business and pleasure trips, simultaneously.

Imports Increase as Re-Exports Decrease

92AE0268F London AL-SHARQ AL-AWSAT in Arabic
11 Feb 92 p 11

[Article by 'Abd-al-'Aziz al-Sadiqi: "Rise in Dubayy's Imports in 1991; Decrease in Re-Export Trade"]

[Text] Official statistics have confirmed that Dubayy, as of August 1991, had suffered from the effects of the Gulf crisis, i.e., five months after the end of the war.

It is clear from these statistics that Dubayy's non-oil trade has entered a new growth stage, since it achieved a 4-percent increase in the first eight months of 1991, compared with the same period of 1990. Note that the

peak of the Gulf crisis and the outbreak of war occurred in the first three months of 1991.

The volume of trade totalled 29.21 billion Emirian dirhams between January and August 1991, compared with 27.99 billion dirhams in the same period of 1990. Imports increased 6.5 percent and rose from 21.39 billion dirhams to 22.78 billion dirhams.

Exports increased 15 percent during the same comparison period, which indicates an increase in industry's export role. This rose from 1.5 billion dirhams to 1.77 billion dirhams. Re-export trade fell by 8 percent to \$4.66 billion, compared with \$5.07 billion in the first eight months of 1991 [dates as published]. This decline affected Dubayy's gross non-oil exports during that period, which dropped by 2.7 percent to \$6.43 billion, compared with \$6.61 billion [in 1990].

The Dubayy Government's Statistics Department indicated that the value of Dubayy's non-oil trade jumped only in August 1991, when it rose 38 percent. That was attributed to the 52-percent rise in imports, since this trade rose from 3.38 billion dirhams in August 1990 to 4.66 billion dirhams in August 1991.

Imports rose in August 1991 from 2.45 billion dirhams to 3.74 billion dirhams, while exports rose by 5.5 percent from 222.63 million dirhams to 234.84 million dirhams. Re-export trade declined by 2.5 percent, totalling 687 million dirhams, compared with 704 million dirhams in August 1990.

Shipping Prices To Increase 1 May

92AE0283A London AL-SHARQ AL-AWSAT in Arabic
22 Mar 92 p 10

[Article: "14 Percent Increase in Container Shipping Prices From Gulf Ports to Europe"]

[Text] Dubayy—Six international marine freight lines have announced their intention to impose a sharp increase in prices for shipping containers and goods from the Gulf to the ports of Europe starting 1 May.

They said that the cost of shipping a 20-foot container would rise to \$800, compared to \$700 at present and \$650 shortly before the beginning of the Gulf crisis in August 1990. This represents a 14 percent increase over 1991, and a 23 percent increase over 1990.

The six companies that decided to carry out the increase jointly, as announced in their statement published in Dubayy, are: [?Mark Habaj Lloyd], [?Tide Lloyd], [?Ehl-ermann], [?Be], [?OCL], and UASC [United Arab Shipping Company]. With the exception of the last company, the companies do not belong to the marine shipping lines grouping known as Joint Container Service.

UASC has informed the grouping that it will withdraw as of 1 April. It had been operating four to six container ships in it. Although the company did not mention the reason for its withdrawal, it appears that it has to do with

the company's desire to strengthen its independent line. It announced yesterday that it would raise the number of its ships operating between Europe and the Arabian Gulf to 13 beginning the first of next month. However, it will remain within the grouping in service between the Gulf and the Far East.

The company said that at least one ship belonging to it will dock at the UAE port of Khawr Fakkan weekly to unload its cargo there for shipment to other cities in the Gulf. The ships docking will have a capacity of 1,800 standard containers.

Sources in the shipping sector said that the price increase cannot be attributed to an increase in operating costs in the shipping sector, but rather to an increase in demand for export shipping or reexport shipments from Gulf ports to Europe. It also can be attributed to a large demand for containers in India and Pakistan.

Against this background, it was decided to impose a slight increase on prices for shipping containers from Gulf ports to the Far East. The current price is \$450 for a standard container.

Shipping prices were very low until three years ago, when ships used to leave Gulf ports for the Far East nearly empty.

Chromite Marketing To Start Before Year End

92AE0301C Dubayy AL-BAYAN in Arabic
17 Mar 92 p 2

[Article: "Al-Fujayrah Chromite Project Capable of Producing 200,000 Tons"]

[Text] The Portman Mining Company Ltd. of Perth, Western Australia, has purchased 50 percent of the joint project founded recently for the extraction of chromite in al-Fujayrah Emirate.

The partner who owns the other half of the joint project is the [Derwant] Mining Company Ltd. of Dublin (Republic of Ireland). It is worth noting that this company is under the total supervision of a well-known and respected British geologist who has broad experience in evaluating mineral potentials in the Middle East. At the same time, the Portman Mining Company is also represented in the Middle East [as published] in the person of Andrew B. Hedges, a commissioned Executive Board member, who is headquartered in Bahrain.

Regarding cooperation in this joint project, Hedges stated that "Portman Company is specialized in mining and shipping manganese and high-quality iron ore to steel plants and to producers of iron ingots. We are confident that these consumers will support and encourage our chromite project in al-Fujayrah Emirate. We plan to pursue chromite production opportunities very vigorously and actively, because this raw material is an important element in steel and ingots.

"Al-Fujayrah mine is run by an ideal management that will certainly help us enter this market, considering that the project is relatively modest, even though it harbors good growth potentials."

Hedges will also conduct a study for Portman Company in other areas of mining. This company has spread its activities from Australia to Vietnam, the Philippines, Tanzania, and the United Arab Emirates.

Moreover, the project has at its disposal vast tracts of land leased from al-Fujayrah, some of which were selected by Hunting Service Company in the mid-1970's. It is expected that these leased lands will produce nearly 200,000 tons of high-quality melt-resistance chromite that meets scientific standards. This chromite will be ready as soon as it is extracted via the strip-mining method.

It is expected that the mine will cost nearly \$500,000. The market price for high-quality raw chromite from al-Fujayrah ranges from \$100-\$120 per ton. Production is planned to start with a modest volume of 20,000 tons annually. This volume can be increased if a scientific survey is conducted and if it shows that there is a large reserve of this mineral, which is what is expected.

Portman Mining Company will be assigned to manage the project. It is expected that shipment of the raw material to consumers in North Asia and Europe will begin before the end of the year.

Work Permits, Visitors' Visas Decline

92AE0268A London AL-SHARQ AL-AWSAT in Arabic
28 Feb 92 p 11

[Article: "Decline in Number of New Work, Visitor Permits in Dubayy in 1991"]

[Text] Dubayy, AL-SHARQ AL-AWSAT Bureau—The number of work permits issued by the Office of Immigration and Passports in Dubayy to new foreign workers

has declined during the past year, as compared with 1990. Visitor visas have also experienced a steep decline.

The Immigration Office attributed this decline to the application of strict laws pertaining to the issuance of new visas, in cooperation with the Ministry of Labor and Social Affairs. This coordination is aimed at regulating and controlling the influx of imported labor, so as to avoid unemployment.

In accordance with the new measures, workers whose permits are cancelled may not reenter the country for six months, with the exceptions of nine technical, professional groups. Companies are also forbidden to bring in additional workers, especially if waivers on transferring permits were given for certain of their workers.

Visas issued during the past year included 37,123 for Indian workers; 11,254 for Pakistanis; 1,219 for British; 11,115 for Sri Lankans; and 7,984 for Filipinos workers. Visas were also issued in Dubayy for 2,321 new Egyptian workers, as well as 1,221 Syrians, 765 Lebanese, and 109 Maghrebis.

The statistical report of the Office of Immigration and Passports in Dubayy states that 100,219 work permits were renewed in Dubayy during 1991, compared with 86,219 in 1990, an increase of 17 percent. That is attributed to the reverse-migration of workers during the last part of 1990.

The issuance of visitor visas has dropped steeply, declining from 82,628 visas in 1990 to 22,286 in 1991, a decrease of 73 percent. However, in reality, it is higher than that, since the last five months of 1990 saw only a very small number of visitor visas issued because of the Gulf crisis.

Statistics reveal that the Immigration Office in Dubayy issued 22,286 resident visas to workers' families during 1991, compared with 20,999 in 1990; and 29,191 family residence permits in 1991, compared with 28,753 in 1990.

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